TRANS-JORDAN CITIES

FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

JUNE 30, 2005 AND 2004

TRANS-JORDAN CITIES
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Trans-Jordan Cities

September 1, 2005

We have audited the accompanying financial statements of the business-type activities of Trans-Jordan Cities (Trans-Jordan) as of and for the years ended June 30, 2005 and June 30, 2004, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Trans-Jordan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Trans-Jordan as of June 30, 2005 and June 30, 2004 and the respective changes in financial position and cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2005, on our consideration of Trans-Jordan' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 2 through 5, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Trans-Jordan's basic financial statements. The supplemental schedule of comparison of operating budget to actual is presented for purposes of additional analysis and is not a required part of the basic financial statements and has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Gilbert & Stewart
GILBERT & STEWART
Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of Trans-Jordan Cities' (Trans-Jordan) annual financial statement, Trans-Jordan's management provides a narrative discussion and analysis of Trans-Jordan's financial activities for the fiscal year ending June 30, 2005. It also encourages the reader to consider the statements herein in addition to the comments made here.

Overview of the Financial Statements

The financial statements herein are three in number.

The first is a "Statement of Net Assets" which presents information on all of Trans-Jordan's assets and liabilities, with the difference reported as "Total Net Assets." The total net assets when viewed on time continuum will track Trans-Jordan's financial position (i.e. increasing or declining in value).

The second statement is a "Statement of Revenues, Expenses and Changes in Net Assets". This statement presents information regarding the change in Trans-Jordan's net assets during the year. Trans-Jordan uses the accrual basis of accounting in which revenues and expenditures are recognized when earned and expended. Thus, revenues and expenditures are reported in these statements for items that will affect future cash flows.

The third is a "Statement of Cash Flows". This statement presents the activities of Trans-Jordan on a cash-received and cash-paid basis. It shows how cash was spent and reconciles the change in Trans-Jordan's cash accounts during the year.

Financial Analysis

Trans-Jordan does not have any taxing authority but has the right to collect assessments from member cities. At this time Trans-Jordan Cities has not exercised a city assessment. Trans-Jordan is currently operating with revenues gained from waste disposal fees, capital contributions from member cities, and interest from investments. Therefore, Trans-Jordan conducts its financial activities from a single enterprise fund.

Revenues

Trans-Jordan has one basic source of operating revenue, (waste disposal fees at the landfill) and two sources' of non-operating revenue (interest from the investment of net assets and contributions from member cities). Both of these revenue sources have had minor increases for the past three years.

The following tables summarize information presented in the financial statements over the last two years.

Net Assets

	June 30, 2005	June 30, 2004
Current Assets	$ 9,592,638	$ 8,454,034
Non Current Assets		
Capital Assets	5,819,844	6,252,138
Other Assets	3,665,990	3,513,104
Total Non Current Assets	9,485,834	9,765,242
Total Assets	19,078,472	18,219,276
Current Liabilities	260,707	403,058
Noncurrent Liabilities	3,729,515	3,619,827
Total Noncurrent Liabilities	3,990,222	4,022,885
Net Assets		
Invested in Capital Assets, Net of Related Debt	5,819,844	6,252,138
Unrestricted	9,268,406	7,944,254
Total Net Assets	$ 15,088,250	$ 14,196,392

Revenues, Expenses, and Changes in Net Assets

	June 30, 2005	June 30, 2004
Revenues		
Charges for Services	$ 5,108,402	$ 4,859,786
Other Revenues	363,032	321,730
Total Revenues	5,471,434	5,181,516
Expenses		
Operating Expenses	5,144,530	4,416,726
Other Expenses	20,004	106,984
Total Expenses	5,164,534	4,523,710
Income Before Contributions	306,900	657,806
Contributions	584,958	530,232
Change in Net Assets	891,858	1,188,038
Net Assets - Beginning	14,196,392	13,008,354
Total Net Assets - Ending	$ 15,088,250	$ 14,196,392

Capital Assets

As of June 30, 2004 the Agency had net capital assets of $6,252,138 in a broad range of assets related to the landfill operations.

Capital Assets

	2005	2004
Land	$ 300,927	$ 300,927
Building and Site Improvements	8,597,304	8,551,546
Equipment	6,524,280	6,429,568
Furniture and Fixtures	177,063	187,692
Construction in Progress	627,047	22,250
Total Capital Assets	16,226,621	15,491,983
Accumulated Depreciation	(10,406,777)	(9,239,845)
Net Capital Assets	$ 5,819,844	$ 6,252,138

Long Term Liabilities

Trans-Jordan has one major long-term liability. State and Federal laws and regulations require Trans-Jordan to place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. This liability is being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste.

Currently Trans-Jordan has no other long-term liabilities and foresees no future requirements for which Trans-Jordan would need to issue bonds.

Financial Highlights

Trans-Jordan's net assets increased $891,858 over the prior year as a result of this year's operations.

Trans-Jordan's business-type activity total operating revenues and expenses were $5,108,402 and $5,144,530 respectively.

Trans-Jordan maintains a reserve account to assure sufficient funds are available for both planned and unexpected expenses. Consistent with that plan, the following equipment and projects were completed last year.

- Committed to purchase new compactor with a value of $ 646,740. The unit will not be delivered until the 2005-2006 budget year.

- Completed the installation of the Phase A "Landfill Gas Collection System" (LGCS) including 47 wells (changed from 49) and the associated pipeline system.

- Completed the installation of a "Landfill Flare". This unit will burn off unwanted gas that is collected by the LGCS. Testing is ongoing to verify the financial feasibility of using this gas in a beneficial way as a heat source for industry. Negotiations are under way between Granger Energy (our partner in the LGCS) and Interstate Brick to use this gas.

- Finalized drawings and permits to "Close" (install the final cap (imperviable barrier) and soil material) for Phase B per state DEQ and county health department requirements. The work has since commenced and will be funded from the 2005-2006 budget.

- Finalized the drawings and permits to install Phase B of the "Landfill Gas collection System". Phase A was completed last year. This second phase includes 23 additional wells drilled into the waste piles and then connecting these wells to a central gathering point. The work has commenced and will be funded from the 2005-2006 budget.

- Purchased a second water truck to facilitate leachate removal in wet years.

- Designed and installed a connection to the municipal water system which includes full-fire water connection. Trans-Jordan had previously been connected to an adjoining private well and had a limited volume tank for fire fighting.

BASIC FINANCIAL STATEMENTS

TRANS-JORDAN CITIES

STATEMENT OF NET ASSETS

JUNE 30, 2005

	June 30, 2005	June 30, 2004
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 8,901,848	$ 8,050,877
Interest Receivable	17,691	29,200
Accounts Receivable	202,288	110,664
Other Receivables	5,349	3,103
Related Party Receivable	437,312	260,190
Prepaid Expenses	28,150	-
Total Current Assets	9,592,638	8,454,034
Non Current Assets		
Restricted Investments	3,665,990	3,513,104
Capital Assets:		
Land	300,927	300,927
Building and Site Improvements	8,597,304	8,551,546
Equipment	6,524,280	6,429,568
Furniture and Fixtures	177,063	187,692
Construction in Progress	627,047	22,250
Less Accumulated Depreciation	(10,406,777)	(9,239,845)
Net Capital Asssets	5,819,844	6,252,138
Total Assets	$ 19,078,472	$ 18,219,276
LIABILITIES & NET ASSETS		
Current Liabilities:		
Accounts Payable	$ 139,332	$ 256,708
Accrued Liabilities	77,656	77,962
Deferred Revenue	43,719	68,388
Total Current Liabilities	260,707	403,058
Noncurrent Liabilities:		
Accrued Compensated Absences	64,836	61,886
Closure and Postclosure Liabilities	3,664,679	3,557,940
Total Noncurrent Liabilities	3,729,515	3,619,826
Total Liabilities	3,990,222	4,022,884
Net Assets:		
Invested in Capital Assets (net of related debt)	5,819,844	6,252,138
Unrestricted	9,268,406	7,944,254
Total Net Assets	$ 15,088,250	$ 14,196,392

See accompanying notes to the financial statements.

TRANS-JORDAN CITIES

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

	June 30, 2005	June 30, 2004
Operating Revenues		
Tipping Fees Commercial and Public	$ 2,956,487	$ 2,773,873
Tipping Fees Member Cities	1,970,046	1,925,277
Recycling Revenue	181,869	160,636
Total Operating Revenue	5,108,402	4,859,786
Operating Expenses		
Salary, Wages and Benefits	1,793,924	1,723,516
Professional Services	116,352	193,621
Maintenance and Equipment	1,048,452	483,350
Depreciation	1,269,399	1,207,359
Equipment Rental	285	1,784
Gas and Oil	242,073	204,778
Other Governmental Agencies	272,980	213,183
Closure and Postclosure	106,739	103,629
Insurance and Surety Bond	65,396	52,132
South Valley	124,959	134,532
Travel and Other	103,971	98,842
Total Operating Expenses	5,144,530	4,416,726
Operating Income	(36,128)	443,060
Non Operating Revenues (Expenses)		
Interest Revenue	287,699	218,487
Net Decrease in Fair Value of Investments	(6,811)	(106,984)
Other Income (Expense)	75,333	36,995
Loss on Disposal of Capital Assets	(13,193)	66,247
Total Non Operating Revenue (Expense)	343,028	214,746
Income before Contributions	306,900	657,806
Capital Contributions	584,958	530,232
Change In Net Assets	891,858	1,188,038
Total Net Assets - Beginning	14,196,392	13,008,354
Total Net Assets - Ending	$ 15,088,250	$ 14,196,392

See accompanying notes to the financial statements.

TRANS-JORDAN CITIES

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

	June 30, 2005	June 30, 2004
Cash Flows From Operating Activities		
Receipts From Tipping & Recycling Fees	$ 4,745,786	$ 4,843,005
Payments to Employees	(1,796,568)	(1,636,291)
Payments to Suppliers	(2,047,752)	(1,318,823)
Net Cash Flow Provided By Operating Activities	901,466	1,887,891
Cash Flows From Non-Capital and Related Financing Acitivties	-	-
Cash Flows From Capital and Related Financing Activities		
Proceeds from the Sale of Assets	-	76,743
Capital Contributions	584,958	530,232
Other Income (Loss)	75,333	36,995
Acquisition of Capital Assets	(850,297)	(1,036,665)
Net Cash Flows From Capital and Related Financing Activities	(190,006)	(392,695)
Cash Flows From Investing Activities		
Purchase of Investments	(159,697)	(127,502)
Proceeds from Sale of Investment Securities	114,697	127,502
Interest Income	184,511	86,271
Net Cash Flows From Investment Activities	139,511	86,271
Net Increase in Cash and Cash Equivalents	850,971	1,581,467
Cash and Cash Equivalents - Beginning	8,050,877	6,469,410
Cash and Cash Equivalents - Ending	$ 8,901,848	$ 8,050,877
Reconciliation of Operating Income to Cash Flows from Operating Activities		
Cash Flows From Operating Activities		
Operating Income (Loss)	$ (36,128)	$ 443,060
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) From Operating Activities		
Depreciation	1,269,399	1,207,359
(Increase) Decrease in Accounts Receivable	(93,870)	3,307
(Increase) Decrease in Related Party Receivable	(177,122)	(14,708)
(Increase) Decrease in Prepaid Expenses	(28,150)	-
Increase (Decrease) in Accounts Payable	(117,376)	123,564
Increase (Decrease) in Accrued Liabilities	2,643	27,060
Increase (Decrease) in Deferred Revenue	(24,669)	(5,380)
Increase (Decrease) in Closure and Postclosure Liability	106,739	103,629
Total Adjustments	937,594	1,444,831
Net Cash Provided by Operating Activities	$ 901,466	$ 1,887,891

See accompanying notes to the financial statements.

TRANS-JORDAN CITIES
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2005 AND 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements are as follows:

Reporting Entity
Trans-Jordan Cities (Trans-Jordan) was organized May 22, 1968, pursuant to the provisions of the Utah Interlocal Co-operation Act, as a joint enterprise of the cities of Sandy, Midvale, West Jordan, and Murray, Utah, and as such is a nontaxable entity. The City of South Jordan, Utah joined Trans-Jordan during the fiscal year 1997. The cities of Draper and Riverton, Utah joined Trans-Jordan during fiscal year 1998. The primary purpose of Trans-Jordan is the operation, maintenance, and control of a refuse dumping site (the Facility) situated east of Bingham Canyon in Salt Lake County. Residents and businesses from all member cities and Salt Lake County can use the Facility by paying a tipping fee for each refuse load. The Facility is also used for the disposal of weekly garbage pickups of the cities in Trans-Jordan for which a fee is charged. These financial statements include all funds and account groups that are financially accountable to Trans-Jordan as described in GASB Statement 14 and GASB 39.

Government-Wide Financial Statements
The government-wide financial statements consist of the statement of net assets, the statement of revenues, expenses and changes in net assets and the statement of cash flows. The Agency is considered a special-purpose government engaged only in business-type activities. It is classified as a proprietary fund type and operates as an enterprise fund. Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises -where the intent of the governing body is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The financial statements of the agency consist of only an enterprise fund and neither fiduciary funds nor component units that are fiduciary in nature are included.

Basis of Accounting
Trans-Jordan maintains its books and financial statements in conformity with generally accepted accounting principles as applicable to governmental units. The Agency's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The Agency is a proprietary fund and uses the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized where earned and expenditures are recognized when incurred.

NOTE 1 - (*CONTINUED*)

Cash and Cash Equivalents
Cash and cash equivalents consist of demand deposits, investment sweeps, short-term investments and deposits with the State of Utah Public Treasurers' Investment Fund. Trans-Jordan considers all cash and investments with a maturity of 90 days or less from the date of purchase to be cash equivalents.

Property and Equipment
Property and equipment are recorded at cost, or if donated, at estimated fair value at the date of donation. Depreciation of property and equipment is calculated on the straight-line method over the assets' estimated useful lives as follows:

Building and site improvements	5-30 years
Machinery and equipment	3-10 years
Furniture and fixtures	5-10 years

Depreciation expense for the years ending June 30, 2005 and 2004 were $1,269,399 and $1,207,359 respectively.

Investments
Investments are reported at fair value as prescribed in GASB 31.

Deferred Revenue
Deferred revenue is comprised of prepaid customer landfill usage fees which are recognized as revenue upon the customer's use of the facilities.

Encumbrance Accounting
Encumbrances lapse at year end and are subject to re-appropriation. Therefore the financial statements do not provide for encumbrances.

Use of Estimates
Presenting financial statements in conformity with generally accepted accounting principles requires management to make certain estimates concerning assets, liabilities, revenues, and expenses. Actual results may vary from these estimates.

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Deposits

Deposits – Custodial Credit Risk. Custodial risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency follows the requirements of the Utah Money Management Act in handling its depository and investing transactions. The Agency considers the actions of the Council to be necessary and sufficient for adequate protection of its uninsured bank deposits. Agency funds are deposited in qualified depositories as defined by the Act. The Agency does not have a deposit policy for custodial credit risk. As of June 30, 2005, the Agency's custodial credit risk for deposits were as follows:

Depository Account	Custodial Credit Risk	Balance June 30, 2005
Investment Sweep	Uninsured and Uncollateralized	$ 1,860,737
Certificate of Deposit	Uninsured and Uncollateralized	839,153
Total Deposits		$ 2,699,890

B. Investments

Trans-Jordan's investments are managed through participation in the State Public Treasurers' Investment Fund and through a trust arrangement with a local bank. As of June 30, 2005 Trans-Jordan had the following investments

	Investment Maturities (in Years)			
Investments	Less Than 1	1-5	6-10	More than 10
Collateralized Money Market	$1,398,747	$ -	$ -	$ -
Utah Public Treasurer's Investment Fund	6,267,124			
U.S. Treasuries	252,187	299,625		-
U.S. Obligations		974,731	100,031	-
Mutual Bond Fund	173,319			-
U.S. Agencies		393,169	74,180	-
Total Investments	$8,091,377	$1,667,525	$ 174,211	$ -

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (*Continued*)

Investments - Interest Rate Risk. Trans-Jordan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, interest rate risk is managed by compliance with the Utah Money Management Act which provides guidance for handling depository and investing transactions in order to minimize interest rate risk.

Investments - Credit Risk. Trans-Jordan follows the requirements of the Utah Money Management Act in handling its Depository and investing transactions. Trans-Jordan funds are deposited in qualified depositories as defined by the Act. The Act also authorizes Trans-Jordan to invest in the Utah Public Treasurers Investment Fund (PTIF), certificates of Deposits, U.S. Treasury obligations, U.S. agency issues, restricted mutual funds, and obligations of governmental entities within the State of Utah. Trans-Jordan's investments are invested in accordance with the Act. The State Money Management Council provides regulatory oversight for the investments. The degree of risk of the investments depends on the underlying portfolio. The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. If a qualified depository should become ineligible to hold public funds, public treasurers are notified immediately. Trans-Jordan considers the actions of the Council to be necessary and sufficient for adequate protection of its investments. Trans-Jordan has no investment policy that would further limit its investment choices.

Investments Custodial Credit Risk. For an investment, custodial credit risk it the risk that, in the event of the failure of the counterparty, Trans-Jordan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of Trans-Jordan's $3,665,990 investment in a trust arrangement, the entire amount of underlying securities are held by the Investment's counterparty, not in Trans-Jordan's name and are not insured. Trans-Jordan's investment arrangements primarily invest in obligations of the United States Treasury, agencies, or instrumentalities of the United States that meet the allowable investments of the Utah Money Management Act. Trans-Jordan does not have an investment policy for custodial credit risk.

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NOTE 3 - CAPITAL ASSETS

	June 30, 2004	Increase	Decrease	June 30, 2005
Capital Assets Not Being Depreciated:				
Land	$ 300,927	-	-	$ 300,927
Construction in Progress	22,250	627,047	22,250	627,047
Total Capital Assets Not Being Depreciated	323,177	627,047	22,250	927,974
Capital Assets Being Depreciated:				
Building and Site Improvements	8,551,546	52,646	6,888	8,597,304
Equipment	6,429,568	139,595	44,883	6,524,280
Furniture and Fixtures	187,692	53,261	63,890	177,063
Total Capital Assets Being Depreciated	15,168,806	245,502	115,661	15,298,647
Less Accumulated Depreciation:				
Building and Site Improvements	4,974,429	510,160	3,017	5,481,572
Equipment	4,105,718	741,057	42,312	4,804,463
Furniture and Fixtures	159,698	18,182	57,138	120,742
Total Accumulated Depreciation	9,239,845	1,269,399	102,467	10,406,777
Total Net Capital Assets Being Depreciated	5,928,961	(1,023,897)	13,194	4,891,870
Total Net Capital Assets	$ 6,252,138	$ (396,850)	$ 35,444	$ 5,819,844

NOTE 4 - RELATED PARTY TRANSACTIONS

The Agency was created for the purpose of building and operating a landfill. The Agency's membership consists of seven municipalities (the Members) which contributed cash or other assets to form the Agency. The Members are also the major patrons of the Agency. As of June 30, 2005, the Members owed the Agency for landfill usage the following amounts:

	June 30, 2005
Midvale City	$ 17,597
Murray City	30,335
Sandy City	63,854
West Jordan City	106,907
South Jordan City	25,198
Draper City	42,913
Riverton City	41,212
Total	$ 328,016

Draper, Riverton and South Jordan are currently required to pay an additional fee treated as a capital contribution for membership in the landfill. Fees are based on usage of the landfill (see Note 10). As of June 30, 2005, the Members owed the Agency the following amounts:

	June 30, 2005
Draper City	$ 42,894
Riverton City	41,191
South Jordan City	25,211
Total	$ 109,296

NOTE 5 – LONG-TERM LIABILITIES

	June 30 2004	Increase	Decrease	June 30 2005
Compensated Absences	$ 61,887	$ 2,949	$ -	$ 64,836
Closure and Post Closure Liability	3,557,940	106,739		3,664,679
Total Long Term Liabilities	$ 3,619,827	$ 109,688	$ -	$ 3,729,515

NOTE 6 - ACCRUED CLOSURE AND POSTCLOSURE CARE COSTS

Trans-Jordan is closing landfill parcels on an on-going basis as each land parcel is completely filled. State and Federal laws and regulations require Trans-Jordan to place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. In addition to operating expenses related to current activities of the landfill, expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the cost to close the final cell through the end of the year. The estimated liability for landfill closure and postclosure care costs is $3,664,679 as of June 30, 2005, which represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the current cell. The estimated total current cost of the landfill closure and post-closure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill are performed by Trans-Jordan. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

Trans-Jordan estimated the remaining life of the landfill to be 20 years. As of June 30, 2005, $106,739 was charged to closure and post-closure expenses.

NOTE 7 – TONNAGE FEES AND CHARGES TO MEMBER CITIES

Trans-Jordan charges fees to each member city for the use of landfill facilities.

Prior to January 1, 1998, member assessments were based on the number of residential waste collection accounts maintained by each city. Beginning January 1, 1998, member fees were charged based on each city's tonnage.

Tonnage Fees and Charges to Member Cities	2005	2004
Sandy	$ 613,095	$ 583,924
Murray	161,142	182,561
West Jordan	502,425	527,218
Midvale	106,805	99,758
South Jordan	238,372	203,458
Draper	175,816	167,999
Riverton	172,390	159,581
Total tonnage fees and charges to member cities	$ 1,970,045	$ 1,924,499

NOTE 8 - RETIREMENT PLANS

Plan Description. Trans-Jordan contributes to the Local Governmental Contributory Retirement System (LGCRS) and the Local Governmental Noncontributory Retirement System (LGNRS), which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provides refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Board issues a publicly available financial report that includes financial statements and required supplementary information for the Systems.

A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy. In the Local Government Noncontributory Retirement System, Trans-Jordan is required to contribute 11.090% of their annual covered salary for year ending June 30, 2005. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

Contributions to the LGNRS for the years ending June 30, 2005, 2004 and 2003 were $116,548, $99,975 and $85,270 respectively. The contributions were equal to the required contributions for each year.

Defined Contribution Plan - Trans-Jordan participates in a 401(k) plan provided by the Systems, which is a multiple-employer defined contribution plan. All employees of Trans-Jordan are eligible to participate in the Plan. Employee and employer contributions are board specified. The employer's contributions to the plan for the years ended June 30, 2005, 2004, and 2003 were $63,274, $75,619 and $80,691 respectively.

NOTE 9 - COMMITMENT AND CONTINGENCY

During fiscal year 1994, Trans-Jordan entered into an agreement with Kennecott Copper Corporation (the Corporation) to purchase approximately 180 acres of land for $233,000. The agreement states that so long as the property shall be used as a landfill, the Corporation can dispose of up to 10,000 tons per year of solid waste at no charge. If the Corporation fails to dispose of such solid waste amount, the difference between the amount actually disposed of and 10,000 tons shall be carried over into future years as a credit. The Corporation shall be charged a fixed rate of $22 per ton for any tonnage in excess of the 10,000 tons and any carried over amount. The Agency shall adjust the per ton charge January 1, 2008 to equal the going commercial fee, and will adjust the fee every seven years thereafter

NOTE 10 - CONTRIBUTED CAPITAL

During fiscal year 1997, the member cities of Trans-Jordan approved South Jordan, Utah as a new participating member of the landfill operation. Beginning October 1, 1996 through September 1, 2005, South Jordan will pay the applicable member tipping fee plus eleven dollars per ton for all municipal waste deposited at the landfill. The eleven dollars represents capital contributions, giving South Jordan the right to participate in the landfill. After September 1, 2005; South Jordan will be charged the applicable member tipping fees.

During fiscal year 1998, the member cities of Trans-Jordan approved Draper and Riverton, Utah as new participating members of the landfill operation. Beginning July 1, 1997 through July 1, 2012, Draper and Riverton will pay the applicable nonmember tipping fee for all municipal waste deposited at the landfill. The difference between the member rate and nonmember rate represents capital contributions, giving Draper and Riverton the right to participate in the landfill. After July 1, 2012, Draper and Riverton will be charged the applicable member tipping fees.

NOTE 11 - DISSOLUTION ASSET OWNERSHIP

In accordance with the Utah Interlocal Co-operation Act (under which Trans-Jordan was created), all Agency assets revert to the participating cities upon dissolution. Participants' share of these assets are based on each participating city's payment of usage fees in proportion to fees paid by all participating cities for the preceding ten fiscal years. Member's participating interests are adjusted according to the above formula annually. As of June 30, 2005, these percentages are as follows:

NOTE 11 - DISSOLUTION ASSET OWNERSHIP *(Continued)*

Participating Cities	Fees for Ten Preceding Years	Percent
Midvale City, Utah	$ 895,055	6.02%
Murray City, Utah	1,446,329	9.72%
Sandy City, Utah	5,097,285	34.27%
Draper City, Utah	984,766	6.62%
South Jordan City, Utah	1,417,295	9.53%
West Jordan City, Utah	3,933,969	26.45%
Riverton City, Utah	1,098,988	7.39%
Total	$ 14,873,687	100.00%

NOTE 12 - RISK MANAGEMENT

Trans-Jordan is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, natural disasters and environmental liabilities. It is the policy of Trans-Jordan to purchase commercial insurance for these risks or maintain the risk at Trans-Jordan level. Various policies are purchased through an insurance agency to cover liability, theft, damages, and other losses. A deductible applies to these policies which Trans-Jordan pays in the event of any loss. Trans-Jordan also has a workers compensation policy. Settlements have not exceeded insurance coverage during the last three years.

NOTE 13 - LITIGATION

The Agency is involved in various legal proceedings arising out of normal operations. The outcome of these proceedings is not known at this time.

SUPPLEMENTARY INFORMATION

TRANS-JORDAN CITIES

SUPPLEMENTAL SCHEDULE OF COMPARISION OF
OPERATING BUDGET TO ACTUAL
(EXCLUDING DEPRECIATION)
FOR THE YEAR ENDED JUNE 30, 2005

	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Tipping Fees - Commercial and Public	$ 3,000,000	$ 2,956,487	$ (43,513)
Tipping Fees - Member Cities	1,945,000	1,970,046	25,046
Recycling Fees	120,000	181,869	61,869
Total Operating Revenues	5,065,000	5,108,402	43,402
Operating Expenses			
Salary and Benefits	2,091,000	1,793,924	297,076
Professional Services	216,000	116,352	99,648
Maintenance and Equipment	1,149,550	1,048,452	101,098
Gasoline and Oil	217,500	242,073	(24,573)
Equipment Rental		285	(285)
Other Governmental Agencies	267,000	272,980	(5,980)
South Valley	90,000	124,959	(34,959)
Insurance and Surety Bond	67,000	65,396	1,604
Travel and Other	109,300	103,971	5,329
Total Operating Expense	4,207,350	3,768,392	438,958
Operating Income	857,650	1,340,010	482,360
Non-Operating Revenues (Expense)			
Interest Revenue	76,000	184,511	108,511
Interest Earnings on Postclosure - Trust Acct.		103,188	103,188
Gain (Loss) on Sale of Assets	2,500	(13,193)	(15,693)
Other Income (Expense)	2,400	75,333	72,933
Capital Contributions	516,000	584,958	68,958
Total Non-Operating Revenue (Expense)	596,900	934,797	337,897
Net Earnings Before Depreciation	$ 1,454,550	$ 2,274,807	$ 820,257
Increase in Closure & Postclosure Liability	-	$ 106,739	$ (106,739)
Capital Outlay Expenditures	$ 1,505,200	$ 850,297	$ 654,903

SUPPLEMENTARY REPORTS

GILBERT & STEWART
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Trans-Jordan Cities
South Jordan, UT

September 1, 2005

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Trans-Jordan Cities as of and for the year ended June 30, 2005 and June 30, 2004, which collectively comprise Trans-Jordan's basic financial statements and have issued our report thereon dated September 1, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Trans-Jordan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance

As part of obtaining reasonable assurance about whether Trans-Jordan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, Board Members, and is not intended to be and should not be used by anyone other than these specified parties.

Gilbert & Stewart
GILBERT & STEWART
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON LEGAL COMPLIANCE WITH APPLICABLE UTAH STATE LAWS AND REGULATIONS

Board of Directors
Trans-Jordan Cities
South Jordan, Utah

September 1, 2005

We have audited the accompanying financial statements of the business-type activities of Trans-Jordan Cities, for the years ended June 30, 2005 and June 30, 2004, and have issued our report thereon dated September 1, 2005. As part of our audit, we have audited Trans-Jordan's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2005.

The agency received no major or non-major grants during the year.

Our audit also included testwork on the Agency's Compliance with the following general compliance requirements identified in the State of Utah Legal Compliance Audit Guide:

Public Debt	Budgetary Compliance
Cash Management	Special Districts
Purchasing Requirements	Other General Issues

The management of Trans-Jordan Cities is responsible for the Agency's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In our opinion, Trans-Jordan Cities complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the years ended June 30, 2005 and June 30, 2004.

This report is intended solely for the information of management and the Utah State Auditor, and is not intended to be and should not be used by anyone other than these specified parties.

Gilbert & Stewart

GILBERT & STEWART
Certified Public Accountants

TRANS-JORDAN CITIES

MANAGEMENT LETTER

JUNE 30, 2005 AND 2004

GILBERT & STEWART
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION

RANDEL A. HEATON, C.P.A.
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September 1, 2005

Trans-Jordan Cities
South Jordan, UT

We have audited the financial statements of Trans-Jordan Cities for the years ended June 30, 2005 and June 30, 2004 and have issued our report thereon dated September 1, 2005. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated August 9, 2005, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of Trans-Jordan Cities. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Trans-Jordan Cities' compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Significant Accounting Policies

Management is responsible for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Trans-Jordan Cities are described in Note 1 to the financial statements. No new accounting policies or procedures were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Agency during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Management's estimate of useful lives of depreciable assets, and the applicable depreciation amounts are based on estimated usefulness of the assets in question and the related wear and tear on those assets. We evaluated the key factors and assumptions used to develop these amounts in determining that they were reasonable in relation to the financial statements taken as a whole.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An adjustment may or may not indicate matters that could have a significant effect on the Agency's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Agency, either individually or in the aggregate, indicate matters that could have a significant effect on the Agency's financial reporting process. We did propose and make certain reclassifying, and closing entries to properly reflect required recognition of revenues, expenses, and financial position in accordance with U.S. generally accepted accounting principles.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principal to the Agency's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Utah State Findings – **Prior Year**

03-1 Treasurer's Bond

Finding: Utah Code, Section 51-7-15(4) indicates that every public treasurer shall secure a fidelity bond, based on the previous year's budgeted gross revenues. As of June 30, 2005, the Treasurer's Fidelity Bond was not set at the required level.

Recommendation: We recommend the Treasurer's Bond be increased to an appropriate level.

Current Status: The Agency is now in compliance.

This information is intended solely for the use of the Board of Directors and management of Trans-Jordan Cities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Gilbert & Stewart

GILBERT & STEWART
Certified Public Accountants